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COMMISSION ON NARCOTIC DRUGS ACTING AS PREPARATORY BODY FOR THE SPECIAL SESSION OF THE GENERAL ASSEMBLY DEVOTED TO THE FIGHT AGAINST THE ILLICIT PRODUCTION, SALE, DEMAND, TRAFFIC AND DISTRIBUTION OF NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES AND RELATED ACTIVITIES
Second session
Vienna, 16-20 March 1998
Item 2 (b) of the provisional agenda*

PREPARATIONS FOR THE SPECIAL SESSION OF THE GENERAL ASSEMBLY TO CONSIDER THE FIGHT AGAINST THE ILLICIT PRODUCTION, SALE, DEMAND, TRAFFIC AND DISTRIBUTION OF NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES AND RELATED ACTIVITIES AND TO PROPOSE NEW STRATEGIES, METHODS, PRACTICAL ACTIVITIES AND SPECIFIC MEASURES TO STRENGTHEN INTERNATIONAL COOPERATION IN ADDRESSING THE PROBLEM OF DRUG ABUSE AND ILLICIT TRAFFICKING

CONSIDERATION OF THE REPORTS OF THE INFORMAL INTER-SESSIONAL MEETINGS OF THE COMMISSION ACTING AS PREPARATORY BODY FOR THE SPECIAL SESSION OF THE GENERAL ASSEMBLY ON INTERNATIONAL DRUG CONTROL

Countering money-laundering

Addendum

*E/CN/7/1998/PC.1.

V.98-51246

Comments and proposed amendments received from Governments

1. The second informal open-ended inter-sessional meeting of the Commission on Narcotic Drugs, which was held at Vienna from 7 to 9 October 1997, examined the topic of countering money-laundering. The consensus reached at that meeting was reflected in a working paper (E/CN.7/1998/PC/5), which was transmitted to all Governments under cover of a note verbale dated 17 December 1997. Governments were invited to provide any comments they might have on the working paper which would be brought to the attention of the Commission acting as preparatory body for the special session of the General Assembly at its second session. Comments were received from Antigua and Barbuda, Canada, Colombia, Ecuador, Japan, Lebanon, Mexico, Myanmar, Pakistan, Sweden and the United States of America, which are summarized below.

Third preambular paragraph

2. The United States of America requested that the word "remained" should be changed to "remains" to reflect the continuing status of the recommendations of the Financial Action Task Force.

Paragraph 2

3. Canada suggested adding the words "particularly the recommendations of the Financial Action Task Force" after the words "relevant international instruments on money-laundering". Canada also indicated that the word "Trafficking" should be replaced by the word "Traffic". Canada wished to ensure that any reporting or information-sharing obligations created were both necessary and flexible, so as not to hinder the overriding objective of stopping money launderers from operating.

4. Pakistan recommended adding the words "and domestic laws" after the words "fundamental constitutional principles".

Subparagraph 2 (b) (iv)

5. With regard to bank secrecy, Colombia wished to make clear that it was the responsibility of the authority receiving bank information to maintain the secrecy of the information so transmitted. Colombia also noted that the money-laundering phenomenon must be combated even when it was not the product of drug trafficking.

6. Mexico recommended replacing the language of subparagraph 2 (b) (iv) with the following: "Limit bank secrecy, in the context of preventive measures, investigation and criminalization of offences of money-laundering".

Subparagraph 2 (c) (ii)

7. Ecuador observed that since the Constitution of Ecuador did not permit the extradition of nationals to other countries, the text was not appropriate in its current form.

General comments

8. Antigua and Barbuda was of the view that the document failed to deal with confiscation and forfeiture of proceeds from drug trafficking, and called for the Commission to formulate guidelines for the sharing of confiscated assets.

9. Lebanon wished to draw attention to a draft law now before Parliament which would establish the laundering of proceeds of illicit drug trafficking as a separate crime punishable by law. Furthermore, a "charter

of honour" among banks operating in Lebanon has been introduced under the supervision of the Banks Control Board of the Central Bank. Employing the principle of "know your customer", the charter provides for penalties to contravening banks, including closure and suspension of their activities.

10. Japan and Myanmar indicated they had no comments on the document. Sweden stated that it fully agreed with the existing text.